



**CITY OF HOUSTON**  
Finance Department

**Interoffice**

Correspondence

**To:** Mayor Bill White  
Members of City Houston

**From:** Michelle Mitchell, Director  
Finance Department

**Date:** March 28, 2008

**Subject: FEBRUARY MONTHLY FINANCIAL  
AND OPERATIONS REPORT**

Attached is the Monthly Financial and Operations Report for the period ending February 29, 2008.

**General Fund Revenues**

Our projection for FY2008 General Fund revenue is \$2.2 million higher on a net basis than last month as a result of continued strong performance of tax revenue in excess of certain adjustments to other sources:

- Sales tax receipts for January were \$2.3 million (6.58%) more than budgeted and 10.13% more than January receipts a year ago. As a result, we have increased the base estimate of sales tax revenue for the year by \$2.3 million, and are projecting base sales tax receipts for the remaining months of the fiscal year at budget.
- In addition, City Council approved Limited Purpose Annexation agreements (LPAs) with 23 new water districts in December. Beginning in April, those districts will collect the 1% sales tax for the city. We project a \$1.2 million revenue increase as a result of the new receipts. Along with the \$2.3 million increase for base sales tax receipts, this raises our total estimate for the fiscal year by \$3.5 million from last month's report.
- Based on information provided by the Harris County Appraisal District, revenue from Industrial Assessments is expected to be \$1.8 million over budget in FY 2008.
- Other Taxes have been adjusted \$463,000 higher to reflect higher second quarter receipts from Mixed Beverage taxes.
- Other Franchise Fee revenue is also expected to be \$1 million higher as the result of a significant increase year-to-date over FY2007 in solid waste hauler franchise revenue as well as cable television subscription revenue.
- Direct Interfund charges have been decreased by \$2.7 million as a result of an adjustment for prior year billings to the Combined Utility System Fund.
- Our projection for Municipal Courts Fines and Forfeits decreased by \$1.7 million due to lower than anticipated moving violations revenue.

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### **Other Resources**

We have increased our projection for Sale of Capital Assets by \$1.5 million as a result of sale of streets and a former fire station.

### **General Fund Expenditures**

General Fund expenditures projected for FY 2008 have increased by \$2.9 million over last month. This includes the projected \$2.2 million cost of the HOPE-related increases. Other significant department changes are listed:

- A \$2.5 million increase is projected for fuel costs by the Police Department in FY 2008
- Increased spending \$240,000 by Administration and Regulatory Affairs for the E-Catalogue procurement project.
- Additional savings of \$500,000 by the Fire Department because of a delayed start of the Ask-A-Nurse Program until FY 2009.
- Our projection for Municipal Courts Administration decreased by \$619,000 due to a reduction in IT related expenditures.
- Projected savings of \$400,000 by the Solid Waste Department for less than anticipated Workers' Compensation claims.

### **General Fund Ending Fund Balance**

We are projecting an ending unreserved undesignated fund balance of approximately \$245 million, which is approximately 15.6% of estimated expenditures less debt service. This does not include the rainy day fund or sign abatement fund. The total unreserved fund balance is projected to be \$267 million.

### **Aviation**

- Operating expenditures are estimated to be \$368,000 less due to projected savings in electricity and natural gas costs.

### **Convention and Entertainment Facilities**

- Operating Revenue has increased by \$831,000 higher than last month as a result of unanticipated rental revenue from Lakewood Church and other agreements.
- Operating Expenditures have decreased by \$825,000 due to projects being delayed until FY2009 and credit received for erroneous billings in Sewer and Water Services.

### **Parking Management Operating Fund**

- Operating Revenue has increased by \$153,000 primarily due to Commercial Vehicle Permit and Boot fees.
- Operating Expenditures has decreased by \$71,000 as a result of Personnel savings.

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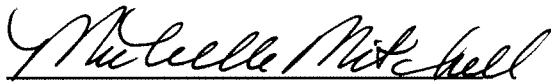
**Combined Utility System**

- Operating Revenue remained unchanged from the prior month.
- Our projection for Operating expenditures decreased by \$3.4 million primarily due to 311 Direct Interfund charges and Indirect Recovery Cost being adjusted while offset by the HOPE civilian pay raise.

**Katrina Aid & Recovery Fund**

The Governor's Department of Emergency Management (GDEM) audit of the Interim Housing Program Project Worksheets totaling \$235 million is scheduled to begin shortly.

Please let me know if you have any questions.

A handwritten signature in cursive script that reads "Michelle Mitchell".

Michelle Mitchell, Director